

Exhibit H

1 MR. TOTO: I don't think that's explicitly
2 addressed by the AMC, but it is the same general concept of
3 monopsony that we've been talking about in this case.

4 So, one more paragraph.

5 THE COURT: All right.

6 BY MR. TOTO:

7 Q. Says, "By contrast, monopsony power is market power on
8 the buyer side of the market. In certain circumstances
9 monopsony power can harm consumers. The main harm resulting
10 from monopsonist conduct is the reduction of output by the
11 seller which harms consumer welfare by under-allocating
12 resources to the production of the product." Do you see
13 that, sir?

14 A. Yes.

15 Q. Okay. Is that consistent with your view on monopsony?

16 A. Yes.

17 Q. Sir, there were some questions yesterday by Mr. Read
18 about whether you looked at pass-through when it comes to
19 full insurance versus ASO. Do you recall that?

20 A. Yes.

21 Q. And are you familiar with something called the medical
22 loss ratio, also known as the MLR?

23 A. Yes.

24 Q. And can you explain what that is?

25 A. It's a regulation that applies explicitly to full

1 insurance. I think it says that 85 percent of premiums have
2 to take -- have to end up being paid out as claims costs; so
3 have to be paid out as medical costs. So it -- basically it
4 forces there to be a high degree of pass-through on the full
5 insurance side.

6 Q. And is that relevant and consistent with your view on
7 the rates of pass-through on the full insurance side?

8 A. Yes. I mean, it drives why there's pass-through on the
9 full insurance side. And it actually says 85 percent is the
10 level, which is quite consistent with the variable cost
11 pass-through that I used, in any case.

12 Q. Final set of questions just on the best-of-best.

13 There was testimony yesterday on cross-examination
14 about whether you assume that NewCo gets every single dollar
15 in the contractual negotiation that's going to take place
16 after the merger with any particular provider. Do you
17 recall that?

18 A. Yes.

19 Q. Okay. Is it the case that in the next round of
20 negotiations, sometimes NewCo might do a little better than
21 the best-of-best, sometimes they might do a little worse?

22 A. I mean, in general I would expect them to do a little
23 better, if anything, because the best of the best is
24 conservative. But, of course, in an economic model, trying
25 to predict the normal effect, the overall effect, there's